

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Market Dominant
Price Adjustment

Docket No. R2015-4

CHAIRMAN'S INFORMATION REQUEST NO. 8

(Issued February 6, 2015)

To clarify the issues raised by the Postal Service's Notice of Market Dominant Price Adjustment in Docket No. R2015-4,¹ the Postal Service is requested to provide written responses to the following requests and questions. Answers to requests and questions 1-3 should be provided no later than February 9, 2015. Answers to all other requests and questions should be provided as soon as they are developed, but no later than February 13, 2015.

First-Class Mail

1. The following questions address Alternate Postage Letters and Postcards.
 - a. Please provide billing determinant volumes separately for the following price categories:
 - Alternate Postage Letters, Upfront Postage Payment below 21 percent
 - Alternate Postage Letters, Upfront Postage Payment 21 to 50 percent
 - Alternate Postage Letters, Upfront Postage Payment above 50 percent

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015 (Notice).

- Alternate Postage Postcards, Upfront Postage Payment below 21 percent
 - Alternate Postage Postcards, Upfront Postage Payment 21 to 50 percent
 - Alternate Postage Postcards, Upfront Postage Payment above 50 percent
- b. Please refer to USPS-LR-R2015-4/1, Excel file “CAPCALC-FCM,” tab “SP Ltrs & Crds.” Please confirm that volumes and prices for Alternate Postage Letters and Postcards are not included in the price cap calculation. If not confirmed, please explain.
- c. Please provide revised First-Class Mail workpapers that include each of the categories in part (a) in the price cap calculation.
- d. Please explain how the revised price increase for First-Class Mail is consistent with 39 U.S.C. § 3622(d)(1)(A).
2. The following request concerns Notice, Attachment A, Part II at 7. The prices listed for 3-Digit Automation Postcards and AADC Automation Postcards are both \$0.275. Please confirm that the applicable prices should be \$0.288 [\$0.263 (planned Docket No. R2015-4 price) plus the difference between \$0.278 (Docket No. R2013-11 price) and \$0.253 (Docket No. R2013-10 price)]. If not confirmed, please explain.
3. The following request concerns Notice, Attachment A, Part I at 6 and Notice, Attachment A, Part II at 6. Please confirm that the Maximum Weight Category for Non-automation Presorted Machinable Letters should be 3.5 ounces, not 3.3 ounces, as listed. If not confirmed, please explain.

Standard Mail

4. Table 1 and Table 2 (below) show the proposed workshare discounts for the commercial and nonprofit origin per-piece price categories for Automation and Non-automation Flats.² A review of the proposed workshare discounts demonstrates that the piece-rated piece discount is not equal to the pound-rated piece discount for some corresponding presort price categories.
 - a. Please provide the rationale for awarding unequal presort discounts for the same level of presortation for some Automation and Non-automation Flats piece-rated piece and pound-rated piece categories in Table 1 and Table 2.
 - b. Please provide a revised Excel file “(Attachment B).xls” that includes the workshare discounts for the pound-rated piece categories that differ from the piece-rated piece categories.
 - c. Please confirm that the workshare discounts for the following six pound-rated piece price categories exceed avoided costs: Commercial Automation 3-Digit; Commercial Automation 5-Digit; Commercial Non-automation ADC; Commercial Non-automation 3-Digit; Commercial Non-automation 5-Digit; and Nonprofit Non-automation ADC. If confirmed, please provide a statutory justification for each of the six workshare discounts. If not confirmed, please explain.

² The rates for the piece-rated pieces and pound-rated pieces are from the proposed changes to the Mail Classification Schedule. See *id.* Attachment A, Part I at 47-52.

Table 1: Workshare Discounts for Commercial Automation and Non-automation Standard Mail Flats Price Categories

	Piece-Rated		Pound-Rated	
	Piece Rate	Discounts	Piece Rate	Discounts
Automation				
Mixed ADC	\$0.539		\$0.382	
ADC	\$0.522	\$0.017	\$0.365	\$0.017
3-Digit	\$0.467	\$0.055	\$0.309	\$0.056
5-Digit	\$0.376	\$0.091	\$0.219	\$0.090
FSS Non-Scheme Pallet/Container	\$0.337	\$0.039	\$0.188	\$0.031
FSS Scheme Pallet/Container	\$0.288	\$0.049	\$0.154	\$0.034
Nonautomation				
Mixed ADC	\$0.577		\$0.423	
ADC	\$0.543	\$0.034	\$0.386	\$0.037
3-Digit	\$0.491	\$0.052	\$0.333	\$0.053
5-Digit	\$0.422	\$0.069	\$0.265	\$0.068
FSS Non-Scheme Pallet/Container	\$0.420	\$0.002	\$0.263	\$0.002
FSS Scheme Pallet/Container	\$0.415	\$0.005	\$0.258	\$0.005

Table 2: Workshare Discounts for Nonprofit Automation and Non-automation Standard Mail Flats Price Categories

	Piece-Rated		Pound-Rated	
	Piece Rate	Discounts	Piece Rate	Discounts
Automation				
Mixed ADC	\$0.400		\$0.264	
ADC	\$0.383	\$0.017	\$0.247	\$0.017
3-Digit	\$0.327	\$0.056	\$0.191	\$0.056
5-Digit	\$0.237	\$0.090	\$0.101	\$0.090
FSS Non-Scheme Pallet/Container	\$0.222	\$0.015	\$0.100	\$0.001
FSS Scheme Pallet/Container	\$0.213	\$0.009	\$0.096	\$0.004
Nonautomation				
Mixed ADC	\$0.442		\$0.304	
ADC	\$0.408	\$0.034	\$0.267	\$0.037
3-Digit	\$0.356	\$0.052	\$0.215	\$0.052
5-Digit	\$0.287	\$0.069	\$0.146	\$0.069
FSS Non-Scheme Pallet/Container	\$0.272	\$0.015	\$0.130	\$0.016
FSS Scheme Pallet/Container	\$0.267	\$0.005	\$0.130	\$0.000

Periodicals

5. The following request pertains to Periodicals tray or tub containerized mail.
 - a. Please describe the nature of mailings in which the Postal Service permits the use of flats trays or tubs.
 - b. Please confirm that Periodicals entered in flats trays or tubs are required to pay the sack container charge. If not confirmed, please explain.

- c. What percentage of Periodicals containers entered in FY 2014 were flats trays and tubs?
 - d. Please provide any studies of the handling and transportation of Periodicals flats trays and tubs conducted by the Postal Service since 2006.
 - e. Please describe any plans the Postal Service has for designing a different charge for flats trays and tubs.
6. In its Response of the United States Postal Service to Questions 3, 17, and 20 of Chairman's Information Request No. 6, the Postal Service filed the Periodicals CPI Price Cap Calculation spreadsheet "CAPCALC-PER-R2105-4-ChIR6Q17.xls" in response to question 17.
- a. Please confirm that the value for tab "Outside County" cell H60 should be \$0.2300. If not confirmed, please explain.
 - b. Please confirm that the value for tab "Outside County" cell H61 should be \$0.3600. If not confirmed, please explain.
 - c. The value for tab "Outside County" cell F60 is \$0.225283. Please explain why the price in that cell is not rounded to 3 digits.
 - d. The value for tab "Outside County" cell F61 is \$0.353640. Please explain why the price in that cell is not rounded to 3 digits.
 - e. In the tab "5D & CR," please explain the purpose of cells F31, F32, G31 and G32.
 - f. Please explain why FY 2014 Quarter 3 data was used in tab "5D & CR" instead of FY 2014 Quarter 3 and 4 data.

Package Services

7. In its Response to Chairman's Information Request No. 2, question 2, the Postal Service provided Excel file "Revised_AttachmentB.xlsx."
 - a. On tab "Bound Printed Matter Flats," cell F29 was changed to indicate that the dropship discount for BPM Flats Basic, Carrier Route DDU is \$0.747 per piece. Please confirm that the dropship discount for BPM Flats Basic, Carrier Route DDU is \$0.751 (\$1.241-\$0.490) per piece. If confirmed, please file an updated Attachment B Excel file. If not confirmed, please provide an explanation of the Postal Service's calculation.
 - b. On tab "Bound Printed Matter Parcels," cell F8, the Postal Service indicates that the presorting discount for BPM Parcel Presorting, Carrier Route Parcels/PPs is \$0.149 per piece. Please confirm that the presorting discount for BPM Parcel Presorting, Carrier Route Parcels/PPs is \$0.119 (\$1.503-\$1.384) per piece. If confirmed, please file an updated Attachment B Excel file. If not confirmed, please provide an explanation of the Postal Service's calculation.

Special Services

8. The following request seeks clarification of the billing determinants reported for Special Services in this proceeding and billing determinants reported in the FY 2014 Annual Compliance Report in Docket No. ACR2014 (ACR Proceeding). Please refer to Library Reference USPS-LR-R2015-4, Excel file "CAPCALC-SpecServ-R2015-5.xlsx" and to Library Reference USPS-LR-FY14-4, Excel file "FY 2014 Special Services and Free Blind.xlsx" in the ACR Proceeding. Please link all volume and pricing data, including adjustments, in the Excel file "CAPCALC-SpecServ-R2015-5.xlsx" to the Special Services billing determinants in USPS-LR-FY14-4, Excel file "FY 2014 Special Services and Free Blind.xlsx." In the response, please also include the formula rather than hardcoding in the

revenue cells. If changes to Excel file "CAPCALC-SpecServ-R2015-5.xlsx" are required, please update and resubmit that Excel file.

9. Please confirm that there is no volume in tab "H-5 Shipper-Paid Forwarding" in Excel file "CAPCALC-SpecServ-R2015-4.xlsx." If confirmed, please explain why no volume appears in that tab and file a revised Excel file "CAPCALC-SpecServ-R2015-4.xlsx" if volumes should have been provided. If not confirmed, please explain.
10. The following request seeks clarification of the proposed Mail Classification Schedule (MCS) changes to "Signature Confirmation" in MCS Section 1505.17 in this proceeding and the billing determinants reported for Special Services in the ACR proceeding. Please refer to Library Reference USPS-LR-R2015-4, Excel file "CAPCALC-SpecServ-R2015-5.xlsx" in this proceeding and Library Reference USPS-LR-FY14-4, Excel file "FY 2014 Special Services and Free Blind.xlsx" in the ACR Proceeding.
 - a. In the proposed MCS changes for Signature Confirmation, the price table only lists electronic and retail options; however, in Excel file "CAPCALC-SpecServ-R2015-5.xlsx," tab "F-12," there are entries for First-Class Manual and First-Class Electronic. Please clarify whether manual and/or retail services will be offered. See *a/so* Notice, Attachment A, Part I at 113. If necessary, please provide revised proposed MCS changes and an updated "CAPCALC-SpecServ-R2015-5.xlsx."
 - b. In Excel file "CAPCALC-SpecServ-R2015-5.xlsx," tab "F-12," there is an entry for the inclusion of "Priority Mail NSA" in cell B-16; however, there are no proposed changes to the MCS regarding Priority Mail NSAs. Please update MCS Section 1505.17 "Signature Confirmation" to include the proposed changes resulting from the inclusion of "Priority Mail NSA" in Excel file "CAPCALC-SpecServ-R2015-5.xlsx," tab "F-12." See *a/so* Notice, Attachment A, Part I at 113.

- c. In Excel file “CAPCALC-SpecServ-R2015-5.xlsx,” tab “F-12,” there is an entry for “Volume from Insurance Change” in cell B-69 which reflects a volume of 4.8 million in cell C-69 and revenue of “n/a” in cell D-69. Please clarify whether “Volume from Insurance Change” is to be included in Signature Confirmation. If so, please update the proposed MCS Section 1505.17 “Signature Confirmation” to include the changes resulting from the inclusion of “Volume from Insurance Change.” See *also* Notice, Attachment A, Part I at 113.
11. Please confirm Parcel Select Lightweight packages with the Bulk Parcel Return Service (BPRS) endorsement will continue to be eligible for BPRS return prices under Shipper-Paid Forwarding/Return services if the proposed prices and MCS changes are implemented. If not confirmed, please explain and provide citations to where the rate increase resulting from the limitation of the BPRS option for these packages is accounted for in Excel file “CAPCALC-SpecServ-R2015-5.xlsx.”

12. The following request concerns Library Reference USPS-LR-R2015-4/5, Excel file “CAPCALC-SpecServ-R2015-5.xlsx,” tab “K-1 AIS Viewer.” Please confirm the totals in the table below should be \$67,815, rather than \$67,772. If not confirmed, please explain.

	Revenue (\$)	
	Existing	New
City State Delivery Type	4,095	4,095
One Time Only	0	0
County Name Retrieval	2,340	2,340
One Time Only	0	0
Delivery Statistic		
Retrieval	43,332	43,332
One Time Only	0	0
ZIP+4 Retrieval	18,005	18,005
One Time Only	43	43
Total	67,772	67,772

By the Acting Chairman.

Robert G. Taub